

**Economic Recovery
Financing Committee**
January 28, 2008
10:30 a.m., Redwood Room
Department of Finance, 915 L Street

PRESENT:

Ms. Andrea Lynn Hoch, Legal Affairs Secretary, for the Governor of the State of California
Mr. Francisco Lujano, Director Securities Management for the State Treasurer's Office
Mr. Rick Chivaro, Deputy State Controller and Chief Counsel for the State Controller's Office
Ms. Anne Sheehan, Chief Deputy Director for the Department of Finance (Chairperson)
Ms. Karen Fish, Deputy Secretary, for the Business, Transportation, and Housing Agency
Mr. Will Semmes, Chief Deputy Director for the Department of General Services

ABSENT:

Mr. Randy Iwasaki, Chief Deputy Director for the Department of Transportation

STAFF PRESENT:

Karen Finn, Committee Secretary
Greg Rogers, Finance Staff
Brian Dewey, Assistant Secretary
Andrew Ruppenstein, Finance Staff
Henry Nanjo, Counsel to the Committee
H.D. Palmer, Deputy Director, External Affairs

CALL TO ORDER AND ROLL CALL:

Ms. Anne Sheehan, Chairperson, called the meeting to order at 10:32 a.m. Ms. Karen Finn, Committee Secretary, called the roll. A quorum was established.

Ms. Sheehan stated that the first item of business was Agenda Item #3 – Information Item.

Confirmation of the new members and of distribution of copies of Bagley-Keene Open Meeting Act (Article 9 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, Section 11120 et seq.) to Members of the Committee, pursuant to Section 11121.9 of the Government Code.

Agenda Item #4 Considerations of the Minutes from the November 17, 2006 meeting.

Ms. Sheehan asked if there was any question or comments from the Committee or public on this item. Hearing none, Ms. Sheehan called for a motion and second on Agenda Item #3.

A motion was made by Mr. Lujano and seconded by Mr. Chivaro, to approve Agenda Item #4. Agenda Item #4 (Minutes) was passed with a 6-0 vote.

Ms. Sheehan stated that next item for consideration was Agenda Item #5 - Resolution 08-01.

Ms. Finn gave a brief history of events leading to today's meeting. She then stated that Resolution 2008-01, if adopted by the committee would:

Find and determine that it is necessary and desirable to issue the Series 2008 Bonds on the terms and conditions set forth in the Resolution up to a par value of \$4,103,920,000 – but not to exceed the amount of bonds necessary to achieve proceeds of no more than \$3,313,000,000. The \$4,103,920,000 figure represents the difference between the \$15 billion voter authorized cap and the total amount of bonds which have previously been issued. However, as I explained, there is also a cap on proceeds that can be transferred to the General Fund from a bond sale– and that cap is driven by the amount of the remaining certified accumulated budget deficit. Thus, the actual amount of bonds that will be issued will be the amount to achieve no more than \$3.313 billion in proceeds to the General Fund plus the costs related to issuing and securing the bonds. Is expected that the par amount of bonds issued will be very much less than \$4,103,920,000 – but because the total amount of bonds will be driven by costs that are not yet known, we are seeking authorization of the full amount of bonds available, capped by the amount of proceeds that can be achieved. The State Treasurer, as agent for sale for the bonds, will, as that office always does, work to keep the costs of issuing and securing the bonds within the normal and customary costs of an issuance of this size and type.

To achieve this bond issuance, the resolution also would:

- Approve the forms of supplemental indentures for both fixed and variable rate bonds.
- Approve the form of Bond Anticipation Note Supplemental Indenture.
- Approve the form of a Bond Purchase Contract.
- Approve the form of Preliminary Official Statement.
- Approve the form of Continuing Disclosure Statement.
- Approve the execution, and delivery of any other agreements related to the Series 2008 Bonds and Bond Anticipation Notes (the ancillary agreements).

Staff and committee have worked with the staff at the State Treasurers office as well as the members of the Financing team to ensure the preparation of these documents and our staff recommends approval of Resolution 2008-01.

Ms. Sheehan then asked if there was any public comment on this item. Hearing none, Ms. Sheehan called for a motion and second on Agenda Item #5.

A motion was made by Mr. Semmes and seconded by Ms. Fish to approve Agenda Item #5 Resolution 2008-01. Agenda Item #5 was passed with a 6-0 vote.

Ms. Sheehan asked for any request by the public to address anything not on the agenda. There were no replies.

Ms. Finn, on be half of all the staff, expressed thanks to the financing team and the members of the Treasurers office for all their effort.

Ms. Sheehan thanked all parties involved for the work done.

Having no further business, a motion was made by Mr. Semmes and seconded by Ms. Sheehan to adjourn the meeting. The meeting was adjourned at 10:39 a.m.